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VIA ELECTRONIC FILING

February 4, 2004

Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

**Re: WC Docket No. 02-215
In re Applications of WorldCom, Inc. for Consent to Assign Licenses
WorldCom Opposition to Margaret F. Snyder's Consolidated
Application for Review**

Dear Ms. Dortch:

Please find enclosed MCI's Opposition to Margaret F. Snyder's Consolidated Application for Review. Please do not hesitate to contact me should you have any questions. Thank you.

Sincerely,

Dennis Guard
Dennis W. Guard

Attachment

cc: Gary S. Smithwick, Counsel to Margaret F. Snyder
Arthur V. Belendiuk, Counsel to Margaret F. Snyder

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In re Applications of

WorldCom, Inc. and its Subsidiaries,
As Debtor in Possession,
Assignor

AND

WorldCom, Inc. and its Subsidiaries
Assignee

For Consent to Assign Commission
Licenses

WC Docket No. 02-215

**OPPOSITION OF MCI
TO MARGARET F. SNYDER'S
CONSOLIDATED APPLICATION FOR REVIEW**

WorldCom, Inc. (debtor-in-possession) d/b/a MCI ("MCI") hereby submits an Opposition to the Consolidated Application for Review ("Application for Review") filed by Margaret F. Snyder on January 20, 2004. For the reasons stated below, the Federal Communications Commission ("FCC" or "Commission") should deny Ms. Snyder's Application for Review.

BACKGROUND

The core of Ms. Snyder's flawed argument is that BellSouth, Verizon, and SBC (the "BOCs") and MCI have run afoul of Section 1.935 of the Commission's Rules (referred to as the "greenmail" rule) in executing their Global Settlement Agreements

(“BOC Settlement Agreements”). The BOC Settlement Agreements were all negotiated in the context of MCI’s chapter 11 bankruptcy proceeding and they were all approved by the bankruptcy court. They are complex agreements which address numerous business issues and settle monetary claims on various accounts. Ms. Snyder’s objections concern only one subset of the terms contained in the BOC settlement agreements – clauses wherein the BOCs agreed not to oppose any approvals from regulatory agencies that MCI sought to obtain before the effective date of its Plan of Reorganization (and that were, in fact, obtained before such effective date) and that were, in accordance with the terms of the plan, required for such plan to become effective.

In connection with reviewing MCI’s applications for assignment of the FCC licenses held by its subsidiaries as debtors-in-possession to those subsidiaries as emerged entities (“DIP Assignments”), the Wireless Telecommunications Bureau (“WTB”) requested, and reviewed under seal, each of the BOC Settlement Agreements. After a thorough analysis of the relevant facts and law, the WTB properly found that the BOC Settlement Agreements did not implicate Section 1.935.¹ MCI and the BOCs also submitted affidavits addressing the relevant facts, and explaining that the BOCs had never threatened to oppose those regulatory approvals. The WTB correctly found that Section 1.935 was inapplicable because “there is insufficient evidence to conclude that

¹ See Letter from John B. Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, Counsel for Margaret Snyder, and Stephen L. Earnest, Regulatory Counsel, BellSouth Corporation, DA 03-3844 (rel. Dec. 19, 2003); Letter from John B. Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, Counsel for Margaret Snyder, and Jim Lamoureux, Senior Counsel, SBC Telecommunications, Inc., DA 03-3846 (rel. Dec. 19, 2003); Letter from John B. Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, Counsel for Margaret Snyder, and Ann H. Rakestraw, Assistant General Counsel, Verizon, DA 03-3845 (rel. Dec. 19, 2003).

[the BOCs] ... made the type of threat covered by section 1.935 and, therefore, the agreement[s] [are] ... not covered by the rule.”²

ARGUMENT

Ms. Snyder alleges that the WTB erred in reaching the conclusion that Section 1.935 does not apply to the BOC Settlement Agreements. In particular, Ms. Snyder’s Application for Review asserts 1) that it was error for the WTB to find that there was insufficient evidence to conclude that BellSouth, Verizon and SBC (“BOCs”) made the types of threats covered by Section 1.935 of the Commission’s Rules; 2) that it was error for the WTB to find that there was insufficient evidence to conclude that the BOCs, in exchange for financial consideration from WorldCom, agreed not to file petitions to deny or other pleadings in violation of Section 1.935 of the Rules; and 3) in light of the foregoing, it was error for the WTB to find that WorldCom’s agreements with the BOCs are not covered by Section 1.935 of the Rules.³ Those arguments are wholly lacking in merit.

The central factual issue before the WTB was whether the BOCs at any time had *threatened* to file an opposition to MCI’s DIP Applications. If they had not, Section 1.935, *as a threshold matter*, would not apply. As the WTB correctly explained: “Section 1.935 provides, in pertinent part, that a party that has *threatened* to file an opposition to an application and then agrees to refrain from filing that opposition must obtain approval of any related settlement agreement.”⁴ Thus, if a party that never threatened to file an

² See, e.g., Letter from John B. Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, Counsel for Margaret Snyder, and Stephen L. Earnest, Regulatory Counsel, BellSouth Corporation, DA 03-3844, at 2 (rel. Dec. 19, 2003).

³ Margaret F. Snyder, Consolidated Application for Review at 2 (Jan. 20, 2004) (“Application for Review”).

⁴ See, e.g., Letter from John B. Muleta, Chief, Wireless Telecommunications Bureau, to Arthur V. Belendiuk, Counsel for Margaret Snyder, and Stephen L. Earnest, Regulatory Counsel, BellSouth

opposition to an application subsequently agrees to refrain from filing an opposition, Section 1.935 is not implicated. This was precisely the case with the BOC Settlement Agreements, which the WTB properly recognized.

Even Ms. Snyder recognizes this threshold requirement in her Application for Review⁵ – yet nowhere in this filing is any indication of a BOC “threat” to file an opposition. That is because no such threat was made by any of the BOCs. Ms. Snyder’s application for review, and the pleadings she submitted to the Bureau, are conspicuously missing *any shred of evidence* to support any notion to the contrary. The Application for Review simply rehashes the same unsupported arguments Snyder raised in her Supplements to her Petition to Deny. Thus the petition does not come close to providing grounds for Commission review of the WTB’s determination that Section 1.935 is clearly inapplicable to the BOC Settlement Agreements.

Verizon, in an Opposition to a Motion to Disclose filed earlier in this docket, succinctly explained why any other reading of Section 1.935 would make no sense:

Reading Rule 1.935 as Snyder urges would produce absurd results that would impose a significant burden on this Commission’s resources, as well as on those of regulated entities. If Rule 1.935 is deemed to require that an entity obtain Commission approval every time it “refrain[s] from filing [a] petition[,]” telecommunications providers will have time to do little else besides filing petitions seeking permission to not file petitions – and the Commission will have time to do little else besides review them. The better reading of Rule 1.935 is that Commission approval is

Corporation, DA 03-3844, at 2, n.1 (rel. Dec. 19, 2003) (emphasis added). Section 1.935 applies only to “[p]arties that have filed applications that are mutually exclusive with one or more other applications” and to “[p]arties that have filed or threatened to file a petition to deny, informal objection or other pleading against an application....” 47 C.F.R. § 1.935. In this case, there are no mutually exclusive applications at issue, so Section 1.935 is clearly inapplicable under the first category of parties. Additionally, as discussed above, the BOCs have not filed or threatened to file a petition to deny, informal objection or other pleading against MCI’s DIP Applications. Therefore, under either test, Section 1.935 is inapplicable to the BOC Settlement Agreements.

⁵ See Application for Review at 7.

necessary only where an entity previously has filed an opposition or specifically threatened to do so. Again, neither has taken place here.⁶

Thus the WTB's ruling comports fully with logic.

Notwithstanding Ms. Snyder's footloose rhetoric, it seems highly unlikely that the bankruptcy court would have approved these agreements if they represented "illegal premiums" that injured other creditors. Indeed, in the Orders approving the BOC Agreements, the bankruptcy court specifically found that "[t]he settlement is fair and reasonable under the circumstances and in no way unjustly enriches any of the Parties. In addition, such settlement is in the best interest of the Debtors, their estates and creditors."⁷ That holding clearly rebuts Snyder's unsupported allegation that the Settlement Agreements were in any way improper.

Simply put, the BOC Settlement Agreements were the result of complex negotiations, were global in scope and covered numerous business issues. The settlement amounts were arrived at to settle monetary claims on various accounts – and not designed to extract an unreasonable sum of money in exchange for silence at the FCC. To suggest otherwise is ludicrous. Contrary to Ms. Snyder's baseless accusations, MCI did not pay "hush money" and the Agreements certainly did not entail any "illegal premium above what other legitimate creditors could expect to receive in return for BellSouth, Verizon and SBC's promises not to disclose information to the FCC, not to file a petition to deny

⁶ *Opposition of Verizon to Margaret F. Snyder's Petition to Deny Transfer of Licenses, Authorizations, and Certifications of WorldCom, Inc., and Motion to Disclose Documents*, WC Docket No. 02-215 (Dec. 11, 2003).

⁷ *Order Approving Settlement And Compromise Of Certain Matters With Verizon Communications, Inc.*, United States Bankruptcy Court for the Southern District of New York, Chapter 11 Case No. 02-13533 (AJG) at 2 (July 29, 2003); *Order Approving Settlement And Compromise Of Certain Matters With SBC Communications, Inc.*, United States Bankruptcy Court for the Southern District of New York, Chapter 11 Case No. 02-13533 (AJG) at 2 (August 5, 2003); *Order Approving Settlement And Compromise Of Certain Matters With BellSouth Telecommunications, Inc.*, United States Bankruptcy Court for the Southern District of New York, Chapter 11 Case No. 02-13533 (AJG) at 2 (August 5, 2003).

or otherwise not to interfere in WorldCom's attempts to transfer its licenses.”⁸ The evidence before the WTB conclusively showed that there had been no threats that would implicate Section 1.935, and that FCC approval of the settlement was not required.

⁸ See Application for Review at 8-9.

III. CONCLUSION

Accordingly, for the above-stated reasons, MCI respectfully requests that Ms. Snyder's Application for Review be denied.

Respectfully submitted,

MCI

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Dated: February 4, 2003

Certificate of Service

I, Lonzena Rogers, hereby certify that on this fourth day of February, 2004 a true and correct copy of MCI's Opposition to Margaret F. Snyder's Consolidated Application for Review in the matter of *WC Docket No. 02-215* has been forwarded to the following via electronic or United States Postal Service first class mail:

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